



## The Subcommittee on Human Rights and Wellness

Chairman Dan Burton (R ~ IN)

<http://www.house.gov/reform>



For Immediate Release:  
September 30, 2003

Contact: Nick Mutton  
(202) 225-2276

### CHAIRMAN BURTON TO EXAMINE SURGE IN MALPRACTICE INSURANCE PREMIUM RATES

#### - ***"Dying for Help: Are Patients Needlessly Suffering Due to the High Cost of Medical Liability Insurance?"*** -

Washington, D.C. – According to an annual study released by the American Medical Association (AMA), 12 states are already in a medical liability crisis, and another 30 states are showing signs that they could be headed in that direction. Over the past several years, doctors have experienced a considerable increase in the cost of medical liability insurance premium rates as a result of medical malpractice litigation. Between 1994 and 2001, the typical malpractice award increased by an astonishing 176 percent to an average of \$1 million per court case. The result has been enormously expensive malpractice insurance premiums for health care providers, which in turn has led to unbearably high costs for the U.S. health care system, as well as reduced access to quality medical services for patients across the Nation.

Congressman Dan Burton (R-IN), Chairman of the House Government Reform Subcommittee on Human Rights and Wellness, will hold an oversight hearing entitled, **"Dying for Help: Are Patients Needlessly Suffering Due to the High Cost of Medical Liability Insurance?" on Wednesday, October 1, 2003, in Room 2154 of the Rayburn House Office Building at 2:00 p.m.**

"Initially, the medical liability system was established to protect victims of negligence," stated Chairman Burton. "Now, medical malpractice litigation is one of the most fearful situations in the medical profession. In 2001, total premiums for medical malpractice insurance topped \$21 billion, more than double the amount from just ten years earlier."

Continued Chairman Burton, "Outrageously high medical malpractice insurance premium rates have caused many doctors who offer life-saving services to relocate, change specialties, or retire from their practices altogether."

The AMA asserts that over the past two years, physicians across the country have been hit by medical malpractice insurance premium increases ranging from 25 to 400 percent. According to a July 2002 report released by the U.S. Department of Health and Human Services (HHS), medical doctors alone spent \$6.3 billion last year on liability coverage. Across the Nation, doctors are being handed malpractice insurance bills that are double those of just a couple of years ago, forcing many of them to move from high-premium states - like Florida, Nevada and Pennsylvania, where there are currently no

caps on non-economic damages that juries can award plaintiffs – and relocate to more affordable venues like California and Indiana.

The HHS report also highlighted a study published by the *Quarterly Journal of Economics*, which estimated that by putting into place “common-sense” liability reforms, such as placing reasonable limits on non-economic damages, annual health care costs in the United States could be reduced by 5 to 9 percent. This could save the Federal government approximately \$60 to \$108 billion a year.

In response to the escalating medical malpractice crisis, Chairman Burton, along with his colleagues in the U.S. House of Representatives, passed the *HEALTH Act (Help Efficient, Accessible Low-Cost, Timely Healthcare Act – H.R. 5)* on March 13, 2003. The *HEALTH Act*, modeled after California’s tort reform laws, places caps on the amounts that claimants can be awarded for non-economic damages, such as pain and suffering. The bill has yet to be acted upon in the Senate.

**PANEL ONE WITNESSES:**

Richard J. Hillman  
Director of Financial Markets and Community Investment  
United States General Accounting Office

Kathryn G. Allen  
Director of Health Care – Medicaid and Private Health Insurance Issues  
United States General Accounting Office

**PANEL TWO WITNESSES:**

The Honorable Dick Thornburgh  
United States Attorney General (1988-1991)  
Governor of Pennsylvania (1979-1987)

Dr. John C. Nelson, MD, MPH, FACOG, FACPM  
President-Elect & Executive Board Member  
American Medical Association

Sherman Joyce, JD  
President  
American Tort Reform Association

Dr. James Tayoun, MD  
President  
Politically Active Physicians Association

Mr. Jay Angoff  
Former Insurance Commissioner  
State of Missouri

This is the Subcommittee’s first hearing regarding the medical malpractice insurance crisis.